

MEDIA STATEMENT FROM TTMA ON RESPONSE TO

“Financial and Economic Support Measures to be put in place by the Ministry of Finance in Response to the COVID-19 Pandemic”.

Port of Spain, March 23rd, 2020 -The TTMA recognizes that this is a difficult time for all and that the issue of survivability is systemic. The challenges we face demands a responsible and intelligent response from those of us charged with governance and those of us who contribute to a viable and stable economy.

This is a human issue, and if the situation becomes protracted, it will put a strain on all resources with serious implications – not just for government and business, but more importantly for our families.

This scenario is quite fluid, as we are dealing with the uncertainties of coping with a virus that as yet has no immunity. Globally, those agencies responsible for health care are struggling with the demands; but everywhere people are demonstrating the willingness to act responsibly and in compliance with the law and newly instituted regulations. Here at home our Ministry of Health has been doing a good job in putting things in place to deal with Covid-19 and their communications efforts must be commended. The TTMA pleads with the public to comply with quarantine rules.

Specific to the issue of trade, and the issues faced by our membership at the TTMA, finding the right solutions to the challenges demand both a business and common-sense approach and we are very much committed to working with Government to determine the right balance of give and take as we navigate through these uncharted waters.

We commend the Central Bank of Trinidad and Tobago for reducing the repo rate allowing the Commercial Banks to pass this onto the Business community in the form of reduced interest rates. The Banking Sector has in turn provided support to businesses by reducing interest, waiving penalties on overdraft, and deferring mortgage payments. However, we must all recognize that this impact will have long lasting effects and require fluid responses by all who share the burden of preserving jobs and protecting families.

The TTMA acknowledges that Government ‘s mechanisms will improve liquidity – i.e. accelerating the payment of outstanding VAT refunds and payables, FX allocation and the liquidity support loan program.

However, the timing and allocation of these injections are as vital as the value to support business continuity and employment.

Contextually, SME’s represent about 85% of businesses in T&T. The TTMA has 320 small (Average TT\$10M Annual Revenue) and 180 medium members (Average TT\$36M Annual Revenue), representing an estimated labour force of 5,000 and 29,000 respectively, totalling 34,000 persons. We recognize this sector as imperative to the stability of our economy and generation of foreign exchange.

It is critical that the SME viability remain at the forefront of Government deliberations as they will be the most vulnerable to restricted cash flows within the following 3 weeks, particularly members classed as ‘Small’. The Business community's efforts to maintain employment will rely heavily on all parties doing their part - in particular, Government’s agility in implementing the appropriate mechanisms to ensure

the continuity of business - with a skeletal workforce, and within the context of a significant slowdown in consumer activity

We have made this appeal to Government and have done so in the spirit of shared concern for our workers and the many families that will be impacted as businesses and trade inevitably slow down. With less revenue being generated and the same expenses being paid out, businesses will be forced to prioritize payments.

We have asked Government to assist in the cash flow crisis the SMEs will be faced with in the next week which include payroll, utilities and taxes due to the Government. We have asked that the Government consider the following as viable options to maintain business continuity:

1. **Timing of Payables:** Overdue VAT Refunds and Accrued Payables paid with urgency
2. **First Quarter Tax Deferral** (Due March), through September
3. **Waiver of green fund and business levy** (Due March), through September
4. **Net off Vat payments** (Due March), through June
5. **Partial Payroll Assistance:** Government providing assistance to employers maintaining employees who cannot work due to Covid-19 related reasons (i.e. wage sharing). While we commend the assistance to those already unemployed, we will need to share the burden of maintaining the status quo of those still in employment – for as long as ‘practicable’
6. **Exceptions made allowing** vacation days to be utilized in response to Covid-19
7. **Banking Support:** SMEs to be given preferential treatment with no interest

We understand that the Government is reviewing a number of options, and we are hopeful of a favourable outcome to these recommendations which complement the already announced support, but highlight the importance of timing and allocation – all of which we deem to be reasonable and which will contribute to our shared goals of keeping business going and sustaining employment in the near term.

Over the years and through many periods of volatility, the Trade and Manufacturing Sector has proven to be resilient. The TTMA is confident that all parties have the desire and the will to find the best solutions for both business and society.

END 23.3.2020

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